

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

Palm Terrace II, located at 200 N Westwood Ave. in Lindsay, requested and is being recommended for a reservation of \$1,076,282 in annual federal tax credits to finance the new construction of 54 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Self-Help Enterprises and will be located in Senate District 14 and Assembly District 26.

The project financing includes state funding from the MHP program(s) of HCD.

Project Number CA-21-652

Project Name Palm Terrace II
 Site Address: 200 N Westwood Ave.
 Lindsay, CA 93247 County: Tulare
 Census Tract: 6107002800.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,076,282	\$0
Recommended:	\$1,076,282	\$0

Applicant Information

Applicant: Palm Terrace II, L.P.
 Contact: Betsy McGovern-Garcia
 Address: PO Box 6520
 Visalia, CA 93290
 Phone: 559-802-1653
 Email: betsyg@selfhelpenterprises.org

General Partner(s) or Principal Owner(s): Palm Terrace II LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Self-Help Enterprises
 Developer: Self-Help Enterprises
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: Community Economics, Inc.
 Management Agent: A.W.I. Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 54
 No. / % of Low Income Units: 53 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 13	25%
45% AMI: 12	23%
50% AMI: 28	53%

Unit Mix

18 1-Bedroom Units
18 2-Bedroom Units
18 3-Bedroom Units
<u>54 Total Units</u>

<u>Unit Type</u> <u>& Number</u>	<u>2021 Rents Targeted %</u> <u>of Area Median Income</u>	<u>Proposed Rent</u> <u>(including utilities)</u>
6 1 Bedroom	30%	\$392
3 1 Bedroom	45%	\$588
9 1 Bedroom	50%	\$653
4 2 Bedrooms	30%	\$471
5 2 Bedrooms	45%	\$706
9 2 Bedrooms	50%	\$785
3 3 Bedrooms	30%	\$543
4 3 Bedrooms	45%	\$815
10 3 Bedrooms	50%	\$906
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$850,000
Construction Costs	\$14,790,000
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,031,100
Soft Cost Contingency	\$150,000
Relocation	\$0
Architectural/Engineering	\$600,000
Const. Interest, Perm. Financing	\$1,053,136
Legal Fees	\$75,000
Reserves	\$94,039
Other Costs	\$564,493
Developer Fee	\$2,699,705
Commercial Costs	\$0
Total	\$21,907,473

Residential

Construction Cost Per Square Foot:	\$285
Per Unit Cost:	\$405,694
True Cash Per Unit Cost*:	\$402,916

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$11,471,018	MHP	\$9,573,541
US Bank	\$4,317,935	HOME	\$1,965,677
HOME	\$1,965,677	GP Equity	\$856,969
GP Equity	\$856,969	Deferred Developer Fee	\$150,000
Tax Credit Equity	\$947,129	Tax Credit Equity	\$9,361,286
		TOTAL	\$21,907,473

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,697,740
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,907,062
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,076,282
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,699,705
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.86978

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.